

PRESCOTT CITY COUNCIL
JOINT SPECIAL MEETING/
STUDY SESSION
TUESDAY, MAY 5, 2009
PRESCOTT, ARIZONA

MINUTES OF THE JOINT SPECIAL MEETING/STUDY SESSION OF THE PRESCOTT CITY COUNCIL held on MAY 5, 2009, in the COUNCIL CHAMBERS located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Wilson called the meeting to order at 3:00 p.m.

◆ **INTRODUCTIONS**

◆ **INVOCATION:** Reverend Julia McKenna, Spiritual Architect

Reverend Julia McKenna gave the invocation.

◆ **PLEDGE OF ALLEGIANCE:** Councilman Bell

Councilman Bell led the Council and audience in the Pledge of Allegiance.

◆ **ROLL CALL:**

PRESENT:

Mayor Wilson
Councilman Bell
Councilman Lamerson
Councilwoman Lopas
Councilman Luzius
Councilman Roecker
Councilwoman Suttles

ABSENT:

None

◆ **SUMMARY OF CURRENT OR RECENT EVENTS**

City Manager Steve Norwood reported that during the first quarter of 2009 the City has awarded \$3 million in contracts to local contractors, and he wanted everyone to know that they are putting their money back into their own economy.

SPECIAL MEETING

- I. Approval of FY2009 Annual Action Plan and Amendment to the 2005-2009 Consolidated Plan (CDBG Program).

Ms. Hartmann said that the City heard from HUD on Friday afternoon that their award was not as much as they first thought it would be so she reduced the amounts as follows: Rehab of housing units to \$91,000; Campbell Street from \$102,000 to \$90,673; and Administration from \$64,000 to \$58,933; for a total of \$294,666.

Councilman Luzius confirmed that Campbell Street was going to be completed, and thanked Ms. Hartmann for her efforts.

Councilwoman Suttles asked if this finished their five year plan, and if they start a new five-year plan next year. Ms. Hartmann said that was correct. Councilwoman Suttles asked if they were able to accomplish what they wanted even with the reduction. Ms. Hartmann said that for this year, because they used over 12% of their funding for service projects, it helped give them a boost, and over the last five years they have done a lot of infrastructure in town, particularly serving the Dexter neighborhood as well as West Yavapai Guidance Clinic.

Ms. Hartmann said that they were increased by almost 3% over last year, but HUD staff had told them to anticipate more.

Steve Blair, 1802 Northside Drive, said that as a member of the audience, hearing that the CDBG fund was being reduced, he asked Ms. Hartmann to explain what impact that had on the Campbell Street project. Ms. Hartmann said that this year they had allocated about \$417,000 to the project, but the City had to pull back their money. They had \$257,000 remaining when they went out to bid and they came in extremely low. They will do the first phase with the contractor and the second phase will be done in-house with Field Operations people. She said that when this money is approved, they will finish Campbell out. It does nothing to the quality of the project.

Mr. Blair said that the people in Dexter deserve to understand what it means to have diminishing costs and what they expect to have happen in their neighborhood.

Councilman Roecker said that what he heard said was that the project was going to get completed, just as if the funding was there. Mayor Wilson added that innovative solutions to make sure the citizens get what they need is what they have been trying to do.

COUNCILWOMAN SUTTLES MOVED TO APPROVE THE CITY OF PRESCOTT 2009 ANNUAL ACTION PLAN AND AMENDMENTS TO THE CONSOLIDATED PLAN, GOALS AND OBJECTIVES; SECONDED BY COUNCILMAN LUZIUS; PASSED UNANIMOUSLY.

II. Adjournment

The Special Meeting of the Prescott City Council held on May 5, 2009, adjourned at 2:10 p.m.

STUDY SESSION

I. **PROCLAMATIONS**

A. May 2009 as *Mental Health Month*

Councilman Luzius read the proclamation proclaiming May 2009 as *Mental Health Month* and presented it to Liz Toone, Executive Director for New Horizons Independent Living Center, who has been serving the community since 1992 with programs and services to help people with disabilities. She said that she was accepting the proclamation on behalf of Henry Willey, President of the Yavapai County Chapter of Depression and Bipolar Support Alliance, and she then read a brief statement by Mr. Willey.

B. May 2009 as *Arizona Historic Preservation Month*

Mayor Wilson read the proclamation proclaiming May 2009 as *Arizona Historic Preservation Month* and then presented it to Frank DeGrazia of the Prescott Preservation Commission. He thanked the Council for their support and recognition of historic places and structures, not only in the residential area but also in their commercial district which helps with their economic viability.

C. May 3-10, 2009 as *Building Safety Week*

Councilman Bell read the proclamation proclaiming May 3-10, 2009 as *Building Safety Week* and presented it to Janice Witt of the Building Department.

Ms. Witt thanked the Mayor and Council and reported that they have a food drive going on for two more weeks, with boxes in local grocery stores and at City Hall. She said that last year they raised 1400 pounds of food and this year their goal was 2,000 pounds.

D. May 7, 2009 as *National Day of Prayer*

Councilwoman Suttles read the proclamation proclaiming May 7, 2009 as *National Day of Prayer* and presented it to Judy Dudtko on behalf of the Committee for the Prescott National Day of Prayer, who then read some quotes.

E. May 10-16, 2009 as *Hospital Week in Prescott*

Councilwoman Lopas read the proclamation proclaiming May 10-16, 2009 as *Hospital Week in Prescott* and presented it to Tim Barnett of Yavapai Regional Medical Center. Mr. Barnett said that on behalf of the 1900 employees and medical staff, and 1000 volunteers, he thanked the Mayor and Council for the proclamation and for guiding the City during these difficult times.

II. PRESENTATIONS

A. Presentation by Dave Maurer, Executive Director of the Prescott Chamber of Commerce, re its position re impact fees and business licenses.

Dave Maurer said that about three months ago he presented a one-page report from the Chamber regarding “Putting Prescott Back to Work” which contained a four-point plan, which he then briefly reviewed.

1. Do business locally

Everyone is encouraged to do business locally, including the City. He said they are trying to encourage their members to take this seriously. It’s fine to say it but local businesses have to want the business. They have to do a good job of getting people in there, and everyone can improve on that.

2. Refer to the voters this September the one percent extension for streets.

He said that was done last week, and a number of them are working to make sure that happens

He said that both No. 3 and No. 4 deal with perceptions.

3. Hold off on Business License implementation.

He said this has been talked about over the years, and their point is it is just not the right time to have another burden placed on businesses.

4. Impact Fees

He said that Prescott is set to impose two new impact fees in July. They do not think it is the right time to impose those new fees. They are not saying to do away with them, but rather defer it until the economy improves.

He said that the Chamber's opinion is that the message they could send out is that Prescott is interested in creating new jobs, attracting new businesses, and expanding their local companies and they can do that at this time by saying it is not the time to do these things.

Mr. Norwood said that an ordinance was passed setting July 1 as the effective date. If they wanted to change that they would have to bring back an ordinance repealing that ordinance and adopting a new one. Councilwoman Suttles and Councilman Bell said that they would like to do that. Mayor Wilson directed Mr. Norwood to bring back an ordinance for consideration. Mr. Norwood said that he would do that, and he could assure them that staff has no intention of bringing back the business license issue.

Councilman Lamerson said that he thought it was a good idea to bring it back, but he was waiting to hear information from the committee set up by the Mayor. Mr. Maurer said that he was a member of that committee and they have no definite date yet, but they were hoping to have a final report to them by July.

Mr. Norwood said that they would bring in back the first round in June.

Councilwoman Suttles said that she would prefer that they put the business license issue on the shelf, rather than burying it. On her own, she believes it is an issue that could be a positive thing. Mr. Norwood and Mayor Wilson agreed.

B. Presentation by representatives of the League of Arizona Cities and Towns re impact fees.

Jeff Crost and Cheyenne Walsh of the League of Arizona Cities and Towns gave some information on impact fees, as they relate to the State Legislature

Mr. Crost said that the State House released a budget yesterday afternoon, and HB2635 had the impact fee swap provision which allows cities and towns to use the impact fee monies in exchange for revenue sharing, and give their revenue sharing back to the State. He said that the Legislature has been trying to take back revenue sharing for some time and the League has pushed back on that, and stated that if they ever tried to grab it and use for general expenses, it would be a violation of the Constitution which would require the Legislature to do that with a two-thirds majority vote, which they rarely get. With that in mind they knew they had a much better hand in dealing with this, and eventually the Rules Attorneys began to require that any time they mess with formula-driven revenue sharing to cities and towns they are required to put the Prop. 108 clause on the bill and requires two-thirds majority vote by both chambers.

He said that since that happened, the Legislature and Governor's Office occasionally got very creative when they went after revenue sharing. Last year they decided that instead of asking for revenue sharing, the cities/towns would just give a contribution back to the General Fund. A special action was filed in Supreme Court, the case was litigated and the cities/towns were victorious. This year they are trying to get the cities/towns revenue sharing by saying the cities/towns can use their impact fees for anything. It went through the House Appropriations Committee this morning and the League opposed that, and their Executive Director, Ken Strobeck, was their point person on that, testifying on committee. It still passed in committee despite a legal opinion they received yesterday saying in eleven pages that they could not do it.

He said that HB2259 is going through the process and being managed by the League, working with the developers and home builders. It makes a couple of changes to impact fee things. This is the fourth year in a row that impact fee legislation has been brought forward; they keep trying to chip away at the very essence of impact fees.

Ms. Walsh said that they were also asked to give a little background information about impact fees, and she then gave a PowerPoint presentation that addressed the following, noting that they were not there to say whether they are or are not the answer, but just to give information:

MYTH: *Getting rid of impact fees has no negative impact on the General Fund.*

FACT: She said that impact fees are used to build infrastructure and if they do not have it in place to let development come on board, they will not come and generate any revenue. She said that there is a balance of too much or not enough revenue to build infrastructure. She said that one

community said it best in, “the cities are the accountants for impact fees; they say this infrastructure needs to be built, they’re going to spread costs to all developers impacted so no one developer bears the burden of the entire cost.”

MYTH: *Impact fees have outpaced construction costs by 93%.*

FACT: Cities/towns are careful to accurately reflect the costs of infrastructure; comparing them to a construction index is misleading because it does not include land cost and water resource costs. Also they don’t account for specialized infrastructure, such as water and wastewater infrastructure. She said it is important to note that state law requires water and wastewater capacity before they allow development to occur.

MYTH: *Federal stimulus plan is directed to impact fee projects due to the term shovel ready.* There is an assumption that the only infrastructure that cities/towns build is that for new growth.

FACT: Cities/towns not only have infrastructure needed for new development, but they have existing infrastructure needs to provide a higher level of service. For people to assume that the Feds are handing cities/towns money to supplant impact fees is misleading. Phoenix is the large gorilla in the state and not reflective of a lot of cities/towns, but their impact fees make up only 3% of \$6.5 billion capital budget over the next five years.

Councilman Lamerson thanked them for coming up to give their presentation. He said that it is one of the many reasons that the City is a member of the League, and why council members attend the League Conference each year, to try and understand what is going on. He appreciated the comments that not all infrastructure in a community is driven by new growth.

MYTH: *There is no growth, so there is no need for infrastructure.*

FACT: That is true, there is not a lot of growth, but that is the best time to do impact fees to accurately reflect costs. They hear from the development community’s representatives in the Legislature that what they want is certainty of what their fees are going to be. While there is not a lot of growth and not much being planned, this is the time to say what those costs are going to be, they can budget and plan for the future.

MYTH: *Impact fees have led to the reductions in housing permits.*

FACT: If they look at housing permits versus impact fees, the development community insinuates that there would be an inverse

relationship; as fees go up housing permits go down. If they graph the impact fees and housing permits over that period of time, they trend almost perfectly together. Infrastructure helps developers build houses, shopping malls, hotels, etc. They cannot build them without the infrastructure.

MYTH: *Impact fees are a tax.*

FACT: Impact fees are not a tax; they are a fee. They are collected from a specific group of people for a specific use.

MYTH: *There are healthy balances in the fee accounts.*

FACT: Many cities/towns' balances are meant to be used toward projects. A lot of cities/towns are backfilling their impact fee funds with General Funds to get projects moving and catch up. They are always behind the growth so there is a lot of infrastructure that needs to be built.

Councilwoman Suttles said that a number of the cities/towns are getting information about the State and it panics them. She asked what the League was doing to try and counter the Legislature's attempts.

Mr. Crost said that these attempts are being opposed all out; it is their "Defcon One" issue because it is not something they can do. The Legislature did make it voluntary, but they cannot voluntarily violate the Constitution. They have the legal opinion and it has been given to all members of the Legislature. He said that they are working with members of the Legislature and have discussed it with the Governor's Office

Councilwoman Suttles asked what the State would do if a city/town did not "voluntarily" give up their revenue sharing. Mr. Crost said that was a good question. Last year when they asked the cities/towns to voluntarily give them money the League told them they would sue, and they did. Councilwoman Suttles asked if they would sue this time. Mr. Crost replied that they would. He said that from their perspective the only way to do it is with a two-thirds vote in both chambers to cut revenue sharing and at this point they are confident that will not happen.

Mayor Wilson said that the City is in the process of expanding their wastewater treatment facility as they were on the edge of having the ADEQ tell them they could not build any more houses because they did not have the capacity. They are also expanding the water lines out to annexation areas. If they do not have money coming from impact fees, or they back off on that, they are saying they do not want growth and this sending the wrong message.

Councilman Luzius thanked them for their presentation and he was glad to hear they are combating the raid on the impact fees. He thought it was insane they would consider doing that. He said that Ms. Walsh's presentation was very informative and has made him feel much stronger about impact fees.

Mayor Wilson said that they have a coordinated approach. The mayors in Yavapai County are working with the League and opposing some of the actions, and will continue to do so. He appreciated them coming up. Ms. Walsh said that was the strength of the League; when cities/towns band together and talk with their legislators, especially like the efforts in Yavapai County.

- C. Presentation re Designation of Antelope Hills Golf Course as one of Arizona's Top 10 Public Golf Courses.

Administrative Services Director Mic Fenech said that the Antelope Hills Golf Course was selected as one of Arizona's Ten Best Public Courses by the Arizona Business News, "Ranking Arizona." He said that many other courses command over \$200 to play, but the City's is the most reasonable.

He then reviewed some of the tournaments held at the golf course, noting that this year's Father/Son Tournament will be their 50th tournament.

He then reviewed the course's ranking and said that he would leave the book in the Administrative Offices for everyone's viewing, and not only did it include the ranking of the golf course but also of local businesses.

Mr. Fenech said that none of it would be possible without the support of the Mayor, Council and City Manager. He said that they do serve beer from Prescott Brewing Company, who was ranked 2nd microbrewery in the State, and they congratulated them. He said that they could not be successful without the dedication of Paul Parker and his staff, Jerry Walsh, Jerry Watson, Larry Vollert and Chef Sugahara, and all the work they do to make that experience the best it can be.

At this time he invited Mayor Wilson and Mr. Norwood to come forward and receive the plaque. Mr. Norwood said that their staff does a great job and he can assure them that they have no plans, thoughts or ideas to get near the \$200 or even \$100. For the value, he said it is one of the best values in the state. He appreciated what they did and would market it.

III. DISCUSSION ITEMS

Mayor Wilson stated that Items B and C were being pulled from the agenda.

- A. Adoption of Resolution No. 3951-0957 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, authorizing the City of Prescott Fire Department to enter into an Intergovernmental Agreement (“IGA”) with Central Yavapai Fire District (CYFD) to exchange occupancies of CYFD’s Station 51 for Prescott Fire Department’s Station 72 and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

Chief Willis said that this is an exchange of occupancy between CYFD and the Prescott Fire Department, in an attempt to increase operational efficiency by moving a couple of fire companies around. The intent is to move CYFD closer to their actual district boundaries and have Prescott Fire Department take the burden of the busiest station in the City. He said that PFD and CYFD have exchanged occupancies or shared stations several times for response needs in the past without issue. Chief Willis said that if approved, the exchange would take place around the middle of May.

Chief Willis said that there will be no exchange of funds. Additionally, there will be a cost savings in that the City will be getting out of their administrative offices and moving administration into the Iron Springs Road station along with the CYFD staff. He said that elimination of that lease will save the City \$60,000 a year.

Councilwoman Suttles said that not too long ago they were in construction on Iron Springs and the parking area was paved. She asked what the dollar amount of that was. Chief Willis said that he believed it was a little over \$36,000, and it came out of the station refurbishment fund.

Councilwoman Suttles asked if the transfer was “oranges to oranges” in the exchange. Chief Willis said that facility on Sixth Street was at one time a maintenance area until they built at the airport. During that time there was a fire station. He said that it was rustic at that point in time, but they have renovated the interior to make it suitable until the City can get something built in the downtown area and allows them to respond to downtown calls.

Councilwoman Suttles asked why Chief Willis did not think that the White Spar station took care of the downtown needs. Chief Willis said that they would have that station running half of the calls, which exceeds the maximum number in performance that a fire station could do. If they moved everything to White Spar and responded to all of the calls in Prescott, they would be responding to more calls than they could handle. Additionally, the distances are a problem. When they had their ISO rating

twelve years ago, one of the areas that ISO asked them to improve on was the Sheldon Street area.

Councilman Luzius said that he thought it was a good move as far as getting the companies closer to the action. He asked who maintains ownership. Chief Willis said that CYFD would retain their facility and the City would retain theirs. He said that they have a few protections built into the agreement. Councilman Luzius said that they have talked about this happening and he was glad to see it happening under these terms. He felt it was important that Prescott Fire Department be in the downtown area. He said that they do need a new station downtown as this one is not really going to handle everything they need. Chief Willis said that it was a temporary fix for a larger problem.

Councilman Lamerson asked how long they defer looking at a new station downtown if they are taking on this one. Chief Willis said that it is a tough question with not knowing what growth is going to be. He said that they do know that their responses have not decreased; fires are up and they continue to up for emergencies. He said that they could probably survive for a few years, but reality has to play in. Councilman Lamerson said that he did not want the public to think this was a permanent fix.

Councilman Luzius said that he understood there was some stimulus money available and they would be applying for it. Chief Willis said that there is \$250 million available nationwide, which really is not a lot of money nationwide, but they will be applying.

- B. Adoption of Resolution No. 3952-0958 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona authorizing the City of Prescott Fire Department to enter into an Intergovernmental Agreement (“IGA”) with Chino Valley Fire District to share personnel resources and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

Item pulled from agenda.

- C. Adoption of Resolution No. 3956-0962 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona authorizing the City of Prescott Fire Department to enter into an Intergovernmental Agreement (“IGA”) with Central Yavapai Fire District to share personnel resources and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

Item pulled from agenda.

- D. Adoption of Resolution No. 3954-0960 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, authorizing the City of Prescott to enter into an Addendum to Intergovernmental Agreement (“IGA”) to include Walker Fire Protection Association into the Prescott Regional Communications Center (PRCC) and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

Chief Willis said that this was an addendum to the IGA for joint dispatch services to include the Walker Fire Protection Association as they have requested to become a partner in the Prescott Regional Communications Center. He said that by them becoming a partner there are standard operating guidelines they will have to comply with so the other agencies can communicate with them.

Chief Willis said that they will be assessed \$5,000 a year. He said that they have a few partners that pay that minimum charge. They have contacted the other agencies and they are all in agreement with the addendum. He said that the City Attorney has reviewed this and he is concerned about the liability being taken on by the City for an association. He said that he could appreciate that but he would think they have more liability of hanging on with a phone call. He said that the City has asked them to name the City as an additional insured in their insurance policy, and they have done that.

Councilwoman Suttles asked how they will pay for the service if they are strictly a volunteer group. Chief Willis said that they do fundraisers and have some subscription services. He said that they have some good equipment and they have made the changes to come up and have money in the bank, and they are seeking to become a fire district, which would be a good thing for them.

Councilwoman Suttles asked how the City Attorney’s concerns with regard to liability would be addressed. Mr. Podracky said that there are built in protections in the agreement and they will name the City an additional insured, to the same extend that the other districts do.

Councilman Bell asked if this addition would impact the capacity at the communications center. Chief Willis said that it would not; their impact is minimal.

- E. Approval of the CDBG construction contract in an amount not to exceed \$110,549.00 with Core 5, LLC for the federally-funded project known as Campbell Streets Improvements.

Ms. Hartmann said that this was a construction contract for the Campbell Street improvements project. She said that they put a notice out to bid and received five bids, with Core 5 being the lowest. She said that they were the successful proposer, have a good reputation and staff was satisfied they were competent to carry out the project.

- F. Approval of contract with JEBCO for the federally-funded Renovation and Remodel of the WYGC Hillside CDBG Project in the amount of \$42,163.00.

Ms. Hartmann said that this was for the renovation of the West Yavapai Guidance Clinic Hillside Building. She said that they received three bids and all were over the allotted amount of \$50,000.00. As authorized following the City's Procurement Code, staff contacted JEBCO, the lowest successful proposer and negotiated a price.

Councilman Bell asked what the completion date would be. Ms. Hartmann said that it was June 30.

- G. Approval of Preliminary Plat Extension Request for Granite Creek Village, comprising 43 lots on approximately 14.5 acres located east of White Spar Road along Granite Creek in the vicinity of the Pine Cone Inn.

Community Development Director Tom Guice briefly reviewed this request, noting that the developer was asking for the extension due to the economy, and stated that he was present for any question.

Mayor Wilson asked if that was the normal delay period. Mr. Guice said that per Code a final plat must be submitted within one year of the preliminary plat, or they can get a one-year extension. He said that typically the Council has been giving three-years or more for extension.

Councilman Luzius asked if there was a fee for bringing plat back. Mr. Guice said that he believe it was around \$160, but could double check.

Councilwoman Suttles asked Mr. Naus if he could start sooner in case things started moving again; Mr. Naus replied that he could. Councilwoman Suttles said that similar requests have come before the Council and Councilman Lamerson has made the statement that they appreciate the developers staying with it and they appreciate Mr. Naus sticking with it.

- H. Public Hearing on annexation of a portion of the Granite Dells Ranch with associated minor amendments to the General Plat and Airport Specific Area Plan; Owner, Granite Dells Ranch Holdings (Cavan Real Estate

Investments); Agent, Mark Reddie, LVA Urban Design Studio, Tempe, Arizona. (ANX0-001)

Mr. McConnell said that the Council had been provided a binder on the proposed annexation and information was also available on the City's website, which has been available during the 60-day review period.

He said that today the purpose was to open a public hearing on annexation of a portion of the Granite Dells Ranch, with associated minor amendments to the General Plan and Airport Specific Area Plan. He said the property was generally located north and south of SR89A at Side Road.

The hearing would continue at the May 12 Council meeting next week, at which time it would be recommended that Council act to close the public hearing. No other action would be necessary on that date.

He said that he would give a brief background on how they got to this point and Mr. Guice would present the actual agenda item components. At the end, he said that he would address the infrastructure and cost-benefit analyses which were completed and summarize key provisions of the development agreement draft, including, streets utilities, and the Peavine Trail. He said that the property owner, Granite Dells Ranch Holdings, was represented by Jeff Market of Cavan Real Estate Investments, Mark Reddie, LVA Urban Design Studio, Attorney Greg Huber and Al Bradshaw, Bradshaw Public Relations.

Mr. McConnell said that a concise statement of the City's annexation policy was found in Section 5 of the General Plan:

"...to utilize annexation as a means to help ensure cost effective and orderly service delivery, provide for a balance of land uses and tax base, protect against undesirable development adjoining the city, and plan for the long term interests of Prescott. The policy also establishes priorities for annexations, with the main priority being to annex property with actual or potential commercial or industrial uses."

He said that after the November 2007 approval of the 1,100 acre Granite Dells Estates (or Fann) annexation located to the south, dialogue was initiated with Cavan Real Estate Investments regarding annexation of this adjoining property.

With previous development of Centerpointe East, pending design and construction of the traffic interchange on SR89A at Side Road, since renamed to Granite Dells Parkway, and planned utilities improvements in

the vicinity, both the Fann and Cavan properties were well placed for annexation and development within the City.

Mr. McConnell said that given the boundary agreement with Prescott Valley, the City's 2003 General Plan contemplating expansion of the City limits in the area east of the airport, and the Council goal of proactive area annexations and development, in early 2008 Cavan proposed future annexation of a swath of land between the airport to the west, and Prescott Valley to the east.

He said that processing of the prospective major annexation benefited from several important improvements.

- ▶ Organization and communication have been streamlined – the primary points of contact, and responsibility, are now located in the City Manager's office, to be specific, his job.
- ▶ The cost-benefit analysis guidelines were significantly clarified.
- ▶ The City's standard development agreement was strengthened, and is being used for this project.
- ▶ Milestones for completion of key activities have been established, frequently updated, and mutually achieved
- ▶ An effective approach of public-private teamwork is firmly in place

Mr. Guice said that large scale annexations, or Prop 400 annexations, have a requirement of a master plan approval, and with the Planning and Zoning's consideration and ultimately their recommendation the Council begins a 60-day public review process. He said that occurred on February 27 and the 60-day period ended on April 26/27, although they continue to take whatever comments they may get up until such time that Council may consider to adopt an ordinance to annex. He then reviewed the master plan map comprising approximately 498 acres, while the annexation is a little less than 400 acres. He clarified that a portion of the property is already within the City limits.

He said that there is no residential property, but there is industrial on the west side of Granite Creek and commercial property on the east side.

Mr. Guice said that with respond to the General Plan Amendment, there are four areas that have a minor map amendment; Area A, requests to go from Single Family to Commercial; Area B requests to go from Commercial Employment to Commercial; and Areas C and D show a minor reduction of open space to the industrial and commercial

designations. The associated amendments to the Airport Specific Area Plan mirror this map and from the Commission standpoint they believed it was a much better proposal to reduce the residential component in the proximity of the airport.

He said that the process improvements for large-scale annexations really create an opportunity to save a lot of time with better coordination with the applicant and the types of information required up front.

Councilwoman Suttles asked what the property was to the right of the project; Mr. Guice said that it was State Land to the east, on both sides of 89A; to the bottom was the Granite Dells Estates (Fann Annexation) and to the top it is owned by Cavan (Granite Dells Ranch Holdings).

Mr. Guice said that the processing the General Plan, Airport Specific Area Plan amendments concurrently with the Master Plan in association with the annexation saved considerable amounts of time. They will see the associated rezone request in June when they anticipate bring everything forward. The rezoning would be on the same day, but on a different agenda.

He said that another requirement of Prop 400 was that staff summarize the public comments received at the time of the public hearing and to date they have received eight e-mails or written comments and several phone calls from interested persons. By and large the vast majority had concern about the Peavine Trail. He said that there was one individual questioning the City's interest in annexing the area and was concerned about the cost of infrastructure.

He said that one e-mail focused on Peavine Trail as a national outstanding trail, recognized by Rails to Trails Conservancy and other requested no grade separated street crossings. Three of the eight indicated that they wanted Cavan to improve the railroad trestle and upon being advised that the trestle was north of this annexation, they revised their e-mails and resubmitted.

He said that in two separate meetings, the Planning and Zoning Commission unanimously recommended approval, with a condition of approval on the Master Plan that there be no at-grade crossings with the Peavine Trail.

Councilwoman Suttles said that the Council needs to make some type of policy on some of these because they had an annexation before that they have an issue. She asked how they plan to get the policy developed. Mayor Wilson.

Mayor Wilson said that the emphasis on process improvement is extremely important because from Day One the focus has been making the process better. Learning from this one makes it better. The process of working as a team will show off the results.

Mr. McConnell said that the property is very well positioned to benefit from street and utilities backbone infrastructure improvements already being made within the SR89A Corridor. Examples are the Granite Dells Parkway Traffic Interchange; and utilities system improvements for the entire airport area, and more proximately to provide service to the Granite Dells Estaes (Fann) property.

With regard to streets Mr. McConnell said that Jacobs Engineering was engaged to analyze transportation demand created by development of the property, through further updating of the CYMPO travel model which was applied in 2007 to analyze the Fann annexation. The new trips generated by this prospective annexation were related to projected future regional system volumes, and expressed as percentages.

The percentages were then used to make two determinations: 1) the number of lanes of each regional street within the property which would be the responsibility of the property owner to construct; and 2) calculation of monetary credits for oversizing any of these regional streets.

He said that Carollo Engineers accomplished a similar analysis for City water and sewer services to the property, which generated a list of associated projects identified by Exhibit E of the development agreement. He said that those projects, along with other capacity improvements contained within the City's capital Improvement Program, were factored into the Economists.com utilities impact fee study accomplished in 2008 to address funding.

Mr. McConnell said that a formal fiscal impact analysis was performed by Applied Economics according to detailed "Cost-Benefit Analysis guides for Proposed Annexations" updated in 2008. He said that both the complete report and a report of the Prescott Citizen's Committee were posted on the City website for the 60-day public comment period and included the following findings:

- ▶ The Applied Economics analysis was professionally rendered and complied with the cost-benefit guidelines.
- ▶ The impact analysis covered a 25-year time period, during which the area would be completely built out.
- ▶ The land use mix consisted of 114 acres of retail, 158 acres of office, and 68 acres of service uses, with development projected to occur between 2011 and 2020.

- ▶ Projected development could increase City employment by close to 4,800 jobs.
- ▶ A series of sensitivity analyses were performed varying the rate of development, occupancy rates, and variations in infrastructure costs and impact fees.

Mayor Wilson said that he had wished that Dave Maurer and the President of the Chamber had stuck around because the economic analysis of the project shows a gain in jobs of 4,800 and the infrastructure required is what is driving those jobs creations. He said that there is a relationship that has to be understood.

Mr. McConnell said that the draft development agreement was not a subject of the public hearing today. They were introducing it and some highlights of it for the information of the Council and public, but it was not the subject per se. He said that comments on the Development Agreement could be provided to the community Development Department prior to, or otherwise be made at the study session of June 16, 2009, at which time the agreement would be on the agenda for consideration.

He then reviewed the highlights of the draft Development Agreement:

- ▶ Offsite transportation improvements
- ▶ Preliminary site plan
- ▶ Intersections of streets with the Peavine Trail
- ▶ Calculation and application of credits for certain right-of-way dedications involving street oversizing
- ▶ City water and wastewater infrastructure improvements

He said that upon annexation the City would provide water and wastewater services to the property. Because the development is nonresidential, the water needed will be provided as each individual project is approved.

Pursuant to the City of Prescott Water Management Policy 2005-2010, as amended, only individual development projects requiring more than five (5) acre-feet per year require a formal allocation of water from the City. All other development is served by water that has already been allocated in prior residential allocations.

He said that each residential dwelling unit is allocated 0.35 acre-feet/year, 0.25 acre-feet for the actual residential use, and 0.10 acre-feet for communitywide nonresidential development. As nonresidential projects are developed, their water use is factored into the overall pumping of the City. He added that no purchase of additional water to serve this annexation area, and the future development within it, would be necessary.

Councilman Roecker said that what was just reviewed was the standard process used for water allocation within the State. Mr. McConnell said that to his understanding ADWR recognizes about 0.25 acre-feet, which is the actual demand for a rooftop. As mentioned in recent months, their actual demand and usage is right on that state average of .25, but the City has a policy, because they are in an AMA, to mark that up by 1/10, and it is his understanding that was a local decision.

Mr. McConnell then reviewed the issue of the Peavine Trail. He said that a Council Public Workshop to address future street intersections with the Peavine Trail is planned for the meeting of May 26, and the specific focus of it will be the Granite Dells Estates (Fann) and Granite Dells Ranch (Cavan) properties.

He said that in advance of that workshop, the draft Development Agreement for this annexation was crafted to address the crossing under SR89A, and others both north and south of the freeway.

He said that the City's Granite Dells Parkway Traffic Interchange project includes the crossing under SR89A, a parking lot on Side Road at SR89A for trail access, and routing of the Peavine Trail to and from its existing alignment through the box culvert under the freeway.

With respect to the intersection at Centerpointe East Drive, the City was designing a bicycle/pedestrian overpass for the Peavine Trail east of the Centerpointe East Drive/Side Road intersection, and an accessory at-grade equestrian crossing. The Development Agreement acknowledges that, and provides for cooperation of the parties regarding any additional public right-of-way which might be required. The design would be configured for phased construction, with an initial at-grade crossing while the City applies for federal transportation enhancement grant funding for 5th bicycle-pedestrian overpass.

Mr. McConnell said that north of SR89A, the draft Development Agreement identifies three options from which the City may choose regarding Trail crossings: 1) trail located within the existing easement; 2) trail relocated to the west, along Granite Wash; or 3) trails accommodated in both the existing easement, and to the west, along Granite Wash.

Councilman Luzius, in referring to Page 7 in the memo, said that the Planning and Zoning Commission recommended 7-0 that there not be an at-grade crossing at the Peavine Trail. He asked if that would carry any credence in what was being designed.

Mr. McConnell said that the Commission was advisory to the Council. They have expressed their attitude and staff is taking their recommendation seriously to try and bring back realistic approaches to deal with it. He said that the developer has agreed to facilitate that happening.

Mayor Wilson asked that all of the trail groups be notified of the Trails Policy Workshop.

Councilwoman Lopas thanked Al Bradshaw for all of their help with the Open Space Committee, adding that it was phenomenon working with them and visiting the site. She said that it was nice to know they have a good working relationship.

Councilman Roecker said that they have talked about this for a long time in their goal setting sessions. It is a quality annexation and is going to have an economic benefit to the community. He was looking forward to it proceeding.

Councilman Lamerson said that as liaison to the Planning and Zoning Commission he spent several hours on several occasions listening to different issues on this and one of them had to do with the Peavine and Trail Policy. As they develop the trail system more in the community it becomes imperative that a policy be established.

Mayor Wilson said that it has been a long wait. Soon after he became Mayor he and Mr. Guice visited Cavan and since that time a lot of hard work has gone into the project. At this time Mayor Wilson opened the public hearing.

Bill Kindig, 4866 Commanche Trail, said that over a year ago the sitting Council had the foresight to ask he and John Danforth to update the CBA analysis portion of the annexation materials, and he was there to congratulate them. He talked with City staff and other committee members and thought the CBA was the best they have seen in the time they have been looking at them, but there are always a couple things that require comments.

He said that there are three things in the requirements of the CBA: 1) identifiable and nonquantifiable costs to be included; 2) specific in the sensitivity analysis, compressing/extending the build-out period and compressing/extending the retail sales process; and 3) independent review as result of he and Mr. Danforth, and Sydney McGore.

He said that the committee asked him to make some comments on their behalf. First, they found the report from the consultant met all of the

requirements except one—thorough discussion of the nonquantifiable aspects. They gave her some guidance previously and said that it failed to discuss economic uncertainties such as the current recession, the agreement of scientists that global warming is going to impact the southwest, and inflation due to printing too much money. He said that those three things come to bear on some things they would like to suggest. He said that they did agree that the report had no obvious biases on the part of the contractor; they think they did not have any bias as far as they could recognize.

Mr. Kindig said that she did say that some of the projections such as build-out and occupancy rates were subject to some question because they were not able to be independently evaluated. The contractor took a recommendation of the owner (Cavan) and applied those. As a result, they ask that the Council be careful of several things from a policy standpoint. First is completion risks; how long is the economic situation going to last and what impact it would have. He said that one of the people identified on the Cavan website as one of the banks to finance them has already gone under. He said that he discussed this with Mr. McConnell, who mentioned that there is probably not a contractor out there that has not had that happen. He said that they believe it still needs to be considered.

He said that they think there might be some completion risk because of that and this being the funding, and the sensitivity analysis on major areas being based on input they were given. Their report says if the project is not finished and it sits there, then they have a problem.

Bruce McKeeman, 3075 Cabezon Lane, commended the staff and Council for taking seriously their concerns about Peavine at-grade crossings and they look forward to working with staff and the developers. One other option that was not considered is that if the City was to retain their right-of-way the small 17 acre parcel could be put into natural open space. He realized that the developer may not agree that is a small price to pay. They would also suggest that when contacting the trails groups they should contact the Prescott Outings Club.

Mr. McConnell suggested that the public hearing remain open until next week at which time they could consider closing it after further comments are received.

- I. Adoption of Ordinance No. 4700-0943 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, amending *Land Development Code*, Table 2.3, Schools in the IL District; Table 2.3, Dormitories on the IL District; Section 6.2.5.C, Compact Parking Spaces; Section 7.4.5.B.4; Flag Lot Dimensions; Table 2.3, Hotel/Motels in the IL

District; Table 2.3 Mobile Food Vendors; and Section 2.5.13, Mobile Food Vendors.

Mr. Guice said that the staff memo was fairly detailed and he rather than review each item he would answer any questions. There was an amendment proposed for compact parking to be extended and allowed for in multi-family projects; currently it is only nonresidential projects. There was a proposed amendment to Table 2.3 which would allow for hotels/motels in the industrial light zone as well as schools and dormitories associated with schools. There was a proposal to enable administrative approval of time of lot splits of flag lots that have the pole portion of the flag greater than 150 feet with the review and concurrence of the Fire Department. Finally, it included the provided criteria which would provide clarification for mobile food vendors within the Code. He said that the commission did consider these and recommended unanimously to approve them.

- J. Award of two contracts for quality assurance testing services for City capital construction projects, one to Ninyo & Moore; and one to Western Technologies, Inc.; each in an amount not to exceed \$80,000.00.

Tim Burkeen said that this item was to award two separate contractors for quality assurance testing on-call for City street, utility, capital improvement projects. The first contract was recommended to award to Ninyo & Moore and the second to Western Technologies, Inc., each not to exceed \$80,000.00. Also under these the firm selected to work on a project cannot work for the contractor under City contract for construction on the same project.

He said that in March the Public Works Department advertised for statements of qualifications and received five. From those they short-listed three firms for interviews and from those City entered negotiations with these two firms. He said that it is a professional services agreement and is awarded based on merit and qualifications. Negotiations of price do not come until the firm is selected. Through the process, the three selected for interviews all came in and went through questions and answers. The two qualified and have local labs and personnel.

Councilwoman Suttles asked if the City has used them before. Mr. Burkeen said that Ninyo & Moore is currently being used and they City has used the other one in the past.

Councilwoman Suttles asked what was meant by “on-call.” Mr. Burkeen said that it is for an as-needed basis, project by project. It gives the City flexibility in determining who to call.

Councilwoman Suttles asked if they were new or old projects. Mr. Burkeen said that on every construction project put out to bid a contractor is required to do a certain amount of quality control. The City also performs quality assurance, around 10% of the contractor's required testing, as a spot check to ensure that the results they are getting back are accurate and make sure they are getting a quality project.

Councilman Bell asked, of the \$130,000 used this year, how much was attributable to Copper Basin Road. Mr. Burkeen said that he did not know; however, quality assurance testing as a rule of thumb is under a percent of the contract, so for every million dollars spent on a contract, they could expect to pay \$8,000 to \$10,000. He said that he could get that information if he would like. Councilman Bell said that it was not necessary. He said that right now they are not looking at a lot of new capital projects that would require testing and wondered if the \$160,000 had some margin for error. Mr. Burkeen said that based on the projects they have in the five-year capital program, barring any surprises, he hoped to use that amount.

Councilman Luzius asked if they had a contract with Ninyo & Moore last year for \$100,000 plus a \$30,000 increase. Now they are going with two companies, he hopes it does not go more than that, but if it means they are building roads, that is okay, too.

- K. Approval to improve security and access to City Hall, to include Utility Services, Mayor and Council and Administrative Offices, not to exceed \$68,000.00.

Mr. Norwood said that this is one of those difficult issues. It goes without saying they can pick up a newspaper any day of the week and see violence at a home or business. The City is seeing increased attacks, threats, citizens spitting on employees, people coming back behind the counter and get very aggressive, having to call police to be removed.

He said that they are very open, friendly, but in the economic climate he believes they need to do a little more to protect their employees. If they don't do anything and something should happen, they will get criticized, and if they spend money and make improvements, they will get criticized.

He said that they are trying to be reasonable and not go overboard, but they do need to protect their employees. He knows this is not the favorite thing to have to be looking at. He said that the Police Department has been called on more than a few occasions. We have trained our employees to try and diffuse situations, but that does not always work.

Mayor Wilson said that the issue is not the safety of the Council, but the issue is safety of staff. He said that they have employees that are fearful of something of things they have seen.

Mr. Fenech said that this item has been discussed for Council to consider security and access to City Hall. Last year they did have the Police Department do an assessment of access and control in City Hall and they pointed to a number of things they felt were essential, which were listed in the staff report. Last year in 2009 budget they also identified improvements to City Hall Security in the amount of \$193,000. A large portion of that was a grant of \$125,000 that was not received, but they do have \$68,000 left in that account that they feel is more than sufficient to do the things for access and control and protection of the staff. He then showed a rendition of what it would look like.

Councilman Luzius thanked staff for doing this. He said that it was important that they protect their staff and it was a sign of the times.

Councilwoman Suttles said that she would like to have the item pulled. She said that she had more questions and she hated to see it happen, not because she does not care about the employees, but because it takes more and more away for the City. It is the first hands-on area to deal with the Mayor and Council and felt it was an invasion of what they have. She agreed with the City Manager that things are changing, but she still has her own feeling about what was happening in town.

Councilman Lamerson said that it was too bad that the world had to come to what it has. There was a time when they did not have to lock their house in Prescott.

Paul Katan, 844 Flora Street, said that they are faced with hard economic times that force people to do hard things. He said that they want to protect City staff and asked if they looked at posting a police officer in City Hall since they are losing jobs left and right. Mr. Norwood said that one Police Officer is about \$80,000 to \$90,000 a year. Mayor Wilson added that this would be a one-time cost and an officer would be an annual expense.

Mr. Norwood added that the Police Department audit was far greater than what they are looking at with this request.

- L. Adoption of Resolution No. 3957-0963 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, repealing Resolution Number 3927-0933 and adopting new Rules of Procedure for the Prescott City Council.

Ms. Burke reviewed the changes requested by Council to prohibit someone who has asked to be on the agenda under Public Comment, that does not show up twice in a six month period, to be prohibited from being placed on it if they do not notify us or show up.

Councilwoman Suttles thanked Ms. Burke for doing it, but thinks it is a lot of work in turn to place people on an agenda that do not show up.

Michael Peters, 640 West Lee Blvd, said that he recognized and understood the background of the changes proposed and he thought it was a good change. He said that he would make a recommendation that in order to alleviate the potential for lawsuits in the future, they make some clarifications; 1) "...a member of the public who has been placed on the agenda for Public Comment does not appear when scheduled... .. or notify the City Clerk's Office in writing prior to the beginning of the session."

Mr. Podracky said those were good comments and Ms. Burke said that she would make the changes and put the amended wording in next week's packet.

M.* Adoption of Resolution No. 3958-0964 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona authorizing the use of the Water Smart logo by the Upper Verde River Watershed Protection Coalition.

Mr. Holt briefly reviewed this item. He said that the City of Prescott was the only member of the Upper Verde River Watershed Protection Coalition that has not approved it. He said that the right to use the logo by the Coalition would be purchased by the Coalition and a portion of the cost would be supplemented by a regional grant from the Bureau of Reclamation. Approval of the resolution would have no direct financial impact on the City.

Councilwoman Suttles questioned the need to purchase the right to use a logo. Mr. Holt said that the logo is owned by its creator by trademark and copyright. Mayor Wilson said that they have the right by the City to use the logo; now they are trying to get it used in a broader sense.

Councilman Luzius asked if it was correct that \$6,000 was the amount, and then there were alternate charges. Mr. Holt said that the contract does identify a fixed sum of \$6,000 which would allow all of the member communities access to the logo. As they develop conservation materials there would be a one-time fee for those as well. He said that the Bureau of Reclamation regional grant is for \$3,000 so the Coalition would pay \$3,000.

- MN.** Notice of Public Hearing (May 12, 2009) and consideration of liquor license application from Hai Liu, applicant for Hong Kong Restaurant, for a Series 12, Restaurant, license for Hong Kong Restaurant located at 520 Miller Valley Road.

Ms. Burke reviewed the application noting that the applicant had been asked to be at the meeting next week for any questions.

- NO.** Notice of Public Hearing (May 12, 2009) and consideration of liquor license application from Billie Nelson, applicant for The Rose Restaurant, for a Series 12, Restaurant, license for The Rose Restaurant located at 234 South Cortez.

Ms. Burke reviewed the application noting that the applicant had been asked to be at the meeting next week for any questions.

- OP.** Approval of the Minutes of the Prescott City Council Joint Study Session/Special Meeting of April 21, 2009 and the Regular Voting Meeting of April 28, 2009.

- PQ.** Selection of items to be placed on the Regular Voting Meeting Agenda of May 12, 2009.

Councilman Bell said that the items to be placed on the Consent Agenda are A, D, E, F, G, I, J, M and P. The regular agenda would be H, K, L, N and O. Items B and C were pulled at the beginning of the meeting.

IV. ADJOURNMENT

There being no further business to be discussed, the Joint Special Meeting/Study Session of the Prescott City Council held on May 5, 2009, adjourned at 5:56 p.m.

JACK D. WILSON, Mayor

ATTEST:

ELIZABETH A. BURKE, City Clerk